ATK
ALLIANT TECHSYSTEMS

Ammunition and Related Products Group

Affects of the Global War on Terrorism

presented to the

NDIA 2003 Small Arms Symposium

14 May 2003

Building on our strengths…delivering on our commitments !

Corporate Profile

Leading U. S. aerospace and defense company

11,600 employees

12th largest contractor to Department of Defense

Facilities and offices in 22 states

Leading positions in

- Propulsion
- Composite structures
- Precision Systems
- Ammunition

ATK – Full Spectrum Provider of Platforms and Programs

Aerospace Group
Salt Lake City, UT
Jeff Foote, Group Vice President

- **ATK Thiokol Propulsion** — Promontory, UT — Gerald W. Smith, President
- **ATK Aerospace Composite Structures** — Clearfield, UT — Travis E. Campbell, President
- **ATK Composite Optics** — San Diego, CA — James P. Gormican, President

Precision Systems Group
Edina, MN
Dan Murphy, Group Vice President

- **ATK Tactical Systems** — Rocket Center, WV — John Shroyer, President
- **ATK Missile Systems** — Woodland Hills, CA — Thomas R. Wilson, President
- **ATK Ordnance and Ground Systems** — Plymouth, MN — Hubert D. Hopkins, President

Ammunition Group
Anoka, MN
Mark DeYoung, Group Vice President

- **ATK Lake City Small Caliber Ammunition** — Independence, MO — Karen Davies, President
- **ATK Ammunition and Powder** — Radford, VA — Patrick S. Nolan, President
- **ATK Civil Ammunition and Related Products** — Anoka, MN
  - Federal
  - Cartridge
  - CCI/Speer
  - Outers
  - RCBS

September 11, 2001 – A New Day of Infamy!

Everything changes in less than 15 minutes

- **Mass scale terrorism becomes reality.**
- **An Act of War – not by a nation state but by a non-state actor.**
- **A new and total war requiring a new and different military response.**
- **Surplus politics and as well as the surplus disappears.**

New National Priorities

- **Homeland Security**
- **A new defense build-up.**
- **A Global War against Terrorism.**
- **Stimulating a sagging economy.**
- **Industrial Base impact – *mildly stimulative***

The Events of 911 Have Changed Everything

- DoD Spending and Policy
  - Dynamic Warfare – assault on all fronts
    - Including concern of continued proliferation of WMD
    - Intelligence breaches
    - Hit and run tactics, etc…
  - War on Terrorism may consist of small scale conflicts with both conventional and precision weapons
  - War on Terrorism – two most recent conflicts in Afghanistan and Iraq have impacted ammunition consumption and reset requirements
    - Sets stage for increased RDT&E and procurement funding
- DoD seeking innovative technologies to combat global terrorism
  - Rapid development cycles
  - Streamlined processes
  - Industry proactive approach
  - Improved performance and capability

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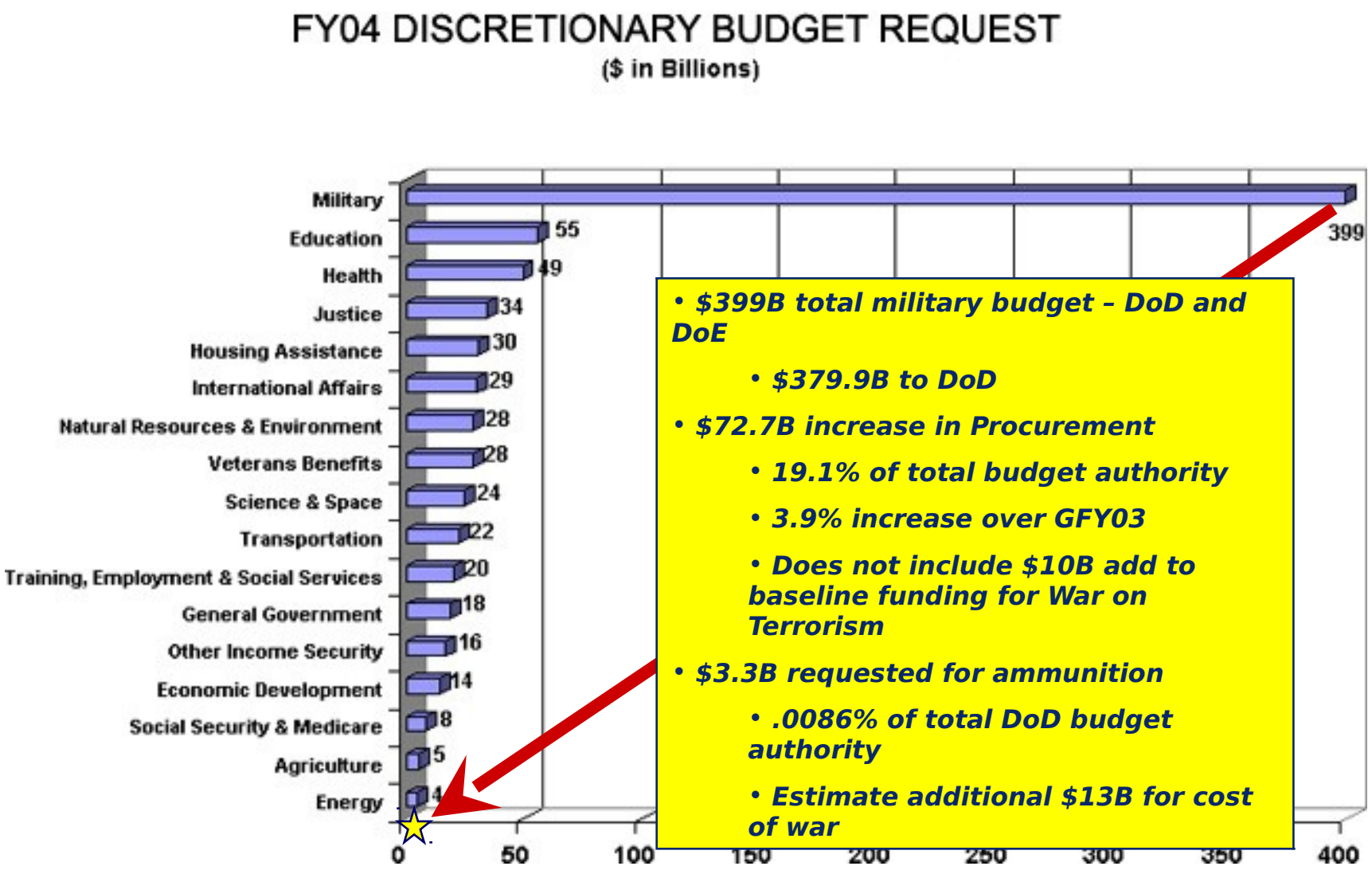
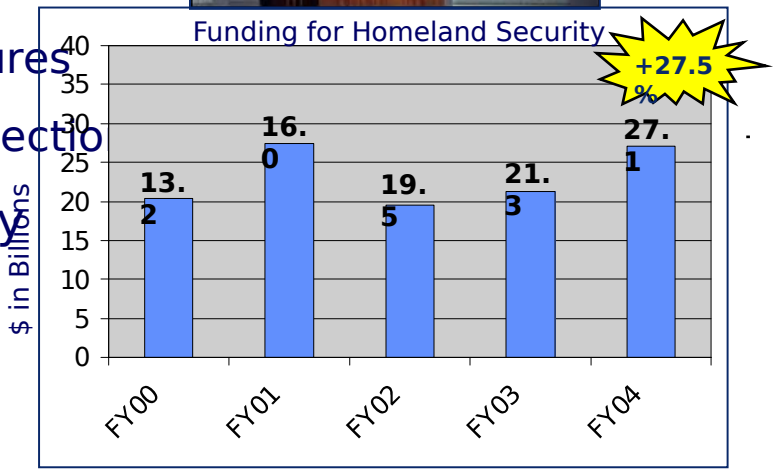
GFY04 Budget



Homeland Security – A Growing Priority

- Creation of the Department of Homeland Security
  - Border and Transportation Security
  - Emergency Preparedness and Response
  - Chem, Bio, Rad, and Nuclear Countermeasures
  - Information Analysis and Infrastructure Protectio
- Homeland security efforts get more priority
  - Has become a “Major Mission Area”
  - More aircraft for domestic patrol
  - Civil defense – outside DoD
  - Restructuring of the National Guard
- Homeland security could mean more dual use and COTS technologies and products



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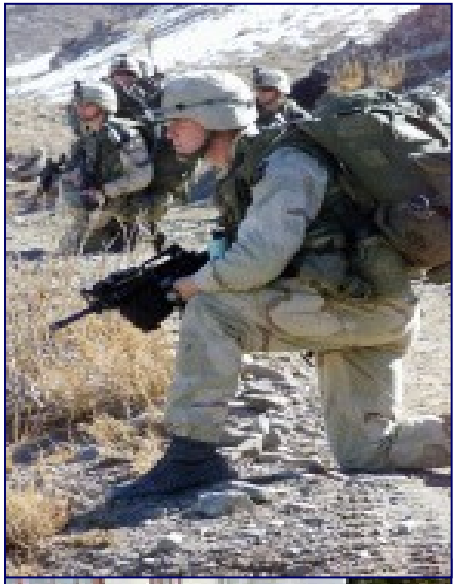
New Challenges and Opportunities

- DoD – ATK Lake City Small Caliber Ammunition Company
  - Ammunition consumption and reset requirements
  - Increased small caliber ammunition requirements for training and war reserve
  - Improved 5.56mm lethality
  - Non-lethal weapons (NLW)
  - Small caliber packaging solutions
- Homeland Security – ATK Civil Ammunition and Related Products
  - Increased security and training activities
  - Increase in sale of firearms, ammunition, and NLW
  - Pistol ammunition – ball and frangible/non-toxic
  - Rifle, shotgun and personal defense ammunit



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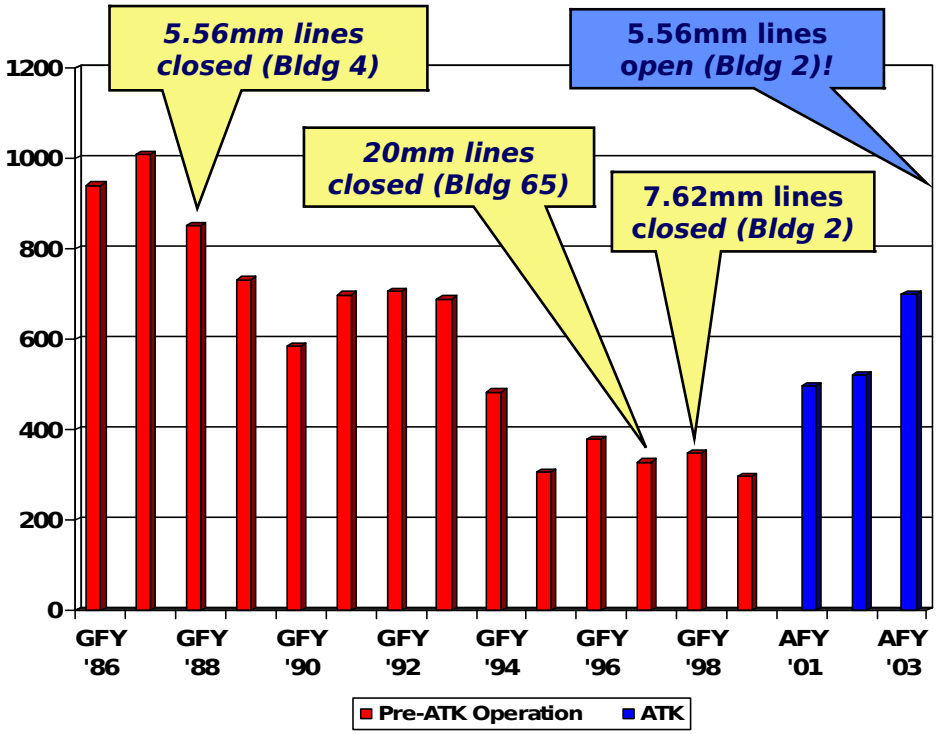
ATK In Action – Meeting Demand

- Plant production level increasing
  - Creating an experienced workforce
  - Managing strain on facility, equipment, and processes
  - Equipment maintenance improvements
- Production volume rapidly increases 267% from 2000 to 2003
  - Workforce goes from 650 (April 2000) to 1300 today
  - Investing in facilities and capabilities
- DERF ramp up project to expand capacity and capability



- 5.56mm 77 Grain Sierra MatchKing
- 5.56mm 83 Grain Close Combat
- 5.56mm Frangible – R2LP®
- .50 Caliber Sniper Training Round

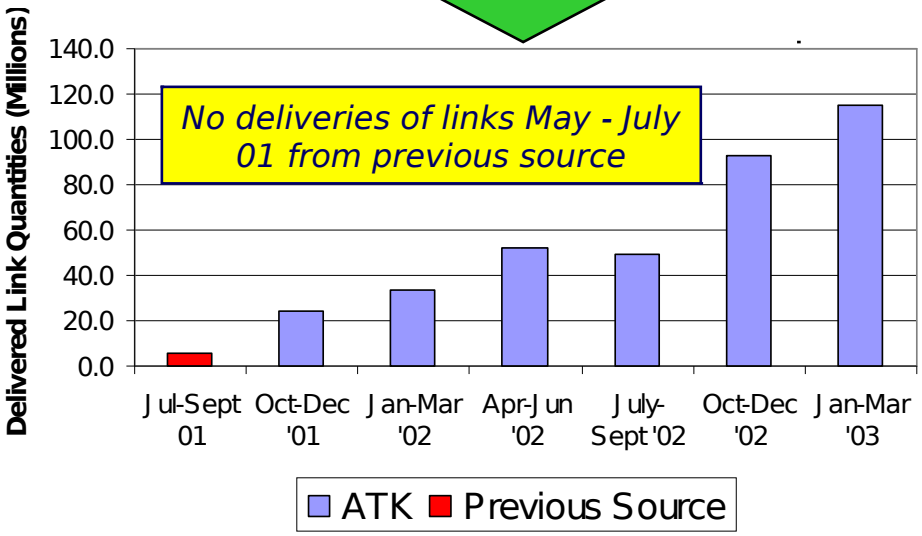
5.56mm SCAMP Case and Bullet Lines

Links No Longer Pace Deliveries – *Partnering Creates Success!*

- Army and ATK have rebuilt and restored link production capability in the U.S.

Links inventory

Steady trend of increased production



- Reverse engineered processes and equipment
- Purchased and rebuilt equipment
- Improved process control (added SPC)
- Hired experienced links leadership

Summary – Ammunition is Critical but Still Challenged

- U.S. Army manages $2.5B annual ammunition program – RDT&E, PAA, OMA
  - Total program is estimated to be ~$6B short over next 6 years
  - Estimated $800M short in training ammunition over next 5 years
  - 60% of stocks are “substitute” rather than “preferred” – and aging
- DoD ammunition budget remains relatively flat
  - Funding priorities are platforms and precision weapon systems
  - FY03 DERF added $1B for precision-guided weapons and $93M for training munitions
- Industry must respond with rapid development cycles and more streamlined processes
  - DoD spending patterns must reflect both the need to keep Warriors well-equipped and the Industrial Base healthy
  - Requires sound investment strategies and partnering
- Continued public safety and security concerns will call for progressive/responsive partners

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The Ultimate Smart Weapon System

- *Precision attack*
- *High speed – low drag*
- *All weather – day or night*
- *Accurate versatile*
- *Fully integrated*
- *Lethal and Non-lethal*
- *Force multiplier*